

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (22-R002)**

Subject

Referendum petition from Jeremy Cady regarding Senate Substitute No. 2 for Senate Committee Substitute for Senate Bill No. 262. (Received June 1, 2021)

Date

June 21, 2021

Description

Voters will approve or reject this statutory change.

The referendum is to be voted on in November 2022.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Commerce and Insurance**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Malta Bend R-V School District**, **Mehlville School District**, **Wellsville-Middletown R-1 School District**, **State Technical College of Missouri**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, the **Missouri Lottery**, the **State Tax Commission**, the **Missouri Veterans Commission**, the **Missouri Ethics Commission**, the **Missouri Office of Prosecution Services**, the **Kansas City Board of Police Commissioners**, the **Metropolitan Police Department - City of St. Louis**, the **St. Louis County Board of Elections**, the **Board of Election Commissioners City of St. Louis**, the **Kansas City**

Board of Election Commissioners, the Platte County Board of Elections, the Jackson County Election Board, the Clay County Board of Election Commissioners, the Lieutenant Governor's office, the Children's Trust Fund of Missouri, the Missouri Joint Municipal Electric Utility Commission, the State Auditor's office, the Metropolitan Zoological Park and Museum District, the Missouri Municipal League, the Missouri Bar Association, the Missouri Gaming Commission, the Municipal League of Metro St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and Truman State University.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no significant fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated no impact to their department.

Officials from the **Department of Higher Education and Workforce Development** indicated no impact to their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact.

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated the total estimated net effect on all state funds will be \$14,458 for fiscal year 2022, \$28,917 for fiscal year 2023, and \$72,292 for fiscal year 2026.

			1st year	2nd year	3rd year	4th year	5th year
# of vehicles	average miles per year/vehicle	average miles/gallon	\$0.025	\$0.050	\$0.075	\$0.100	\$0.125
784	10789	14.63	\$14,458.38	\$28,916.75	\$43,375.13	\$57,833.50	\$72,291.88

Officials from the **Department of Labor and Industrial Relations** indicated they anticipate no fiscal impact for this referendum petition proposing to amend Senate Substitute No. 2 for Senate Committee Substitute for Senate Bill No. 262.

Officials from the **Department of Revenue** indicated this will impact general revenue.

Small businesses that purchase motor fuel will be impacted.

Section 142.803 Motor Fuel

Their department notes this proposal would keep the current motor fuel tax of seventeen cents per gallon and add a bonus motor fuel tax that phases in over the next seven years. This new phased in tax increases each year on July 1st. The phased in tax is scheduled to be from October 1, 2021, to June 30, 2022, two and a half cents per gallon; from July 1, 2022, to June 30, 2023, five cents per gallon; from July 1, 2023, to June 30, 2024, seven and a half cents per gallon; from July 1, 2024, to June 30, 2025, ten cents per gallon; from July 1, 2025, to June 30, 2026, twelve and a half cents per gallon. Starting July 1, 2025 this tax would continue at the additional twelve and a half cents into the future.

Currently the seventeen cents per gallon paid on motor fuel is collected at the gas pump and is required to be paid by all. However, those who do not use their vehicle on the highway or state road systems can apply to receive a refund of the tax they paid. Examples of those vehicles that can receive a refund include boats and farm equipment.

Using the amount of taxes collected in 2020, they were able to estimate the number of motor fuel gallons sold. Using that data they were able to calculate the difference between the current seventeen cents rate and the new bonus tax rate each calendar year.

The following information was used to calculate the fiscal impact:

Net Amount	FY20 - Taxes	2020 Current Tax	2020 # Gallons sold
gallons of gas taxed	\$509,718,525.05	0.17	2,998,344,265
gallons of diesel taxed	\$189,002,719.82	0.17	1,111,780,705
gas/diesel	\$698,721,244.87		4,110,124,970

Their department will use the fiscal year (FY) 2020 numbers for calculating this fiscal note. Their department notes these numbers may include economic disruptions caused by the COVID pandemic and stay at home orders that may be one-time occurrences. However, their department is unable to predict whether those disruptions will have any long-term impact on the number of gallons of motor fuel sold in the future, so their department assumes any future fiscal impact potentially could exceed the impact calculated for this fiscal note.

Fiscal Year	Gas Current Law	Bonus Gas Tax Proposed	Diesel Current Law	Bonus Diesel Tax Proposed
2022	\$0.17	\$0.195	\$0.17	\$0.195
2023	\$0.17	\$0.220	\$0.17	\$0.220
2024	\$0.17	\$0.245	\$0.17	\$0.245
2025	\$0.17	\$0.270	\$0.17	\$0.270
2026	\$0.17	\$0.295	\$0.17	\$0.295

Motor Fuel tax money is distributed as follows:

All money goes into Motor Fuel Tax Fund (0673) then is distributed as below:	
Cities 15%	0.15
Counties 12%	0.12
State Road Fund (0320)	<u>0.73</u>
	100%

Their department notes that this proposal would change the tax rate at the start of each fiscal year. They were able to calculate the estimated increase expected to the State Road Fund and to Cities and Counties as follows:

Fiscal Year Collections

Table 1: 2020 Motor Fuel Tax Collections				
Fiscal Year	State Road Fund	County	Cities	Total
2022	\$56,257,336	\$9,247,781	\$11,559,726	\$77,064,843
2023	\$150,019,561	\$24,660,750	\$30,825,937	\$205,506,248
2024	\$225,029,342	\$36,991,125	\$46,238,906	\$308,259,373
2025	\$300,039,123	\$49,321,500	\$61,651,875	\$411,012,497
2026	\$375,048,903	\$61,651,875	\$77,064,843	\$513,765,621

This proposal requires that the bonus tax be collected from everyone at the gas pump. However, it states that this bonus motor fuel tax can be refunded to any person who uses their motor vehicle on the highways. The intent of this legislation appears to create a refund policy for those that do not want to pay additional motor fuel tax that is similar to the policy for those whose vehicles are not used on the highways.

It should be noted that the motor fuel tax refund would impact the State Road Fund, Cities and Counties as well. Refunds are paid out of the money collected. This proposal states that the refund claim has to be filed after July 1st but before September 30th of the following fiscal year.

Their department has no data to indicate how many customers will actually apply for the refund. This proposal does however, limit the refund to those whose vehicles are less than 26,000 lbs. Their department notes of the 6,242,364 registered vehicles in Missouri, 5,023,899 would be eligible for this refund. Which include:

Light duty vehicles	4,316,805
Motorcycles	125,466
Van/truck	477,073
Bus	104,555

Their department notes that the State of South Carolina has a similar refund program in which 15% of their citizens applied. For fiscal note purposes their department will show the range of refunds as the 15% to 100% of those eligible Missourians. This would result in an impact of:

Estimated Refunds per Fiscal Year at 15% and 100%

Fiscal Year	15%	100%
2022	\$0	\$0
2023	(\$11,708,809)	(\$78,058,726)
2024	(\$23,417,618)	(\$156,117,452)
2025	(\$35,126,427)	(\$234,176,179)
2026	(\$46,835,236)	(\$312,234,905)
2027+	(\$58,544,045)	(\$390,293,631)

Summary Impact

Fiscal Year	Motor Fuel Collected	Potential Refunds Issued
2022	\$77,064,843	\$0
2023	\$205,506,248	(\$11,708,809 - \$78,058,726)
2024	\$308,259,373	(\$23,417,618 - \$156,117,452)
2025	\$411,012,497	(\$35,126,427 - \$234,176,179)
2026	\$513,765,621	(\$46,835,236 - \$312,234,905)
2027	\$513,765,621	(\$58,544,045 - \$390,293,631)

It should be noted that the refunds amounts are distributed out of the same funds in the same proportion as the motor fuel tax is distributed.

Fiscal Year	State 15%	State 100%	Cities 15%	Cities 100%	Counties 15%	Counties 100%
2022	\$0	\$0	\$0	\$0	\$0	\$0
2023	(\$8,547,431)	(\$56,982,870)	(\$1,756,321)	(\$11,708,809)	(\$1,405,057)	(\$9,367,047)
2024	(\$17,094,861)	(\$113,965,740)	(\$3,512,643)	(\$23,417,618)	(\$2,810,114)	(\$18,734,094)
2025	(\$25,642,292)	(\$170,948,611)	(\$5,268,964)	(\$35,126,427)	(\$4,215,171)	(\$28,101,141)
2026	(\$34,189,722)	(\$227,931,481)	(\$7,025,285)	(\$46,835,236)	(\$5,620,228)	(\$37,468,189)
2027	(\$42,737,153)	(\$284,914,351)	(\$8,781,607)	(\$58,544,045)	(\$7,025,285)	(\$46,835,236)

Administrative Impact

Their department assumes all administrative costs will come out of general revenue.

Creating a second motor fuel tax and changing the amount annually will result in additional form and website changes that are estimated to cost \$2,000 annually.

Currently, to claim a refund for motor fuel, a refund claim form is submitted with all receipts to their department. A staff person reviews the claim form and all the receipts attached to verify the amount of the refund. An Associate Customer Service Representative can process approximately 4,000 refunds annually.

This proposal grants their department permission to implement an electronic filing system for the receipt of the refunds. Their department assumes this new electronic system could cost up to \$500,000 based on similar programs currently in use by their department.

This proposal also states that their department must process all of the refund requests in 45 days. Failure to process the returns in the 45 day period will result in their department paying interest on the claims. The amount of interest owed annually is unknown and could exceed \$10,000.

Due to the expected volume of refunds, the limited filing periods for turning in your claim form, the short turn around time for processing the refunds and the fact the electronic filing is not mandatory their department assumes it will need 15-20 Associate Customer Service Representatives in Processing and 3-5 Additional Auditors. These FTE numbers could be substantially higher if money is not appropriated for the electronic filing system.

Section 142.824 Refund of Motor Fuel Taxes

This proposal will allow their department to create an electronic filing system for the refunding of motor fuel taxes for vehicles not driven on the highway. Additionally, this proposal shortens the time period their department has to process these returns before interest is due. The impact from these provisions are included in the response to Section 142.822.

Section 142.869 Alternative Fuel Decal Fees

This provision increases the alternative fuel decal fees that are owed by vehicles that do not use motor fuel (gas, diesel) starting January 1, 2022. These alternative fuel decal fees are used for electric, LP, natural gas and hybrid vehicles plus plug-in vehicles. Under current law, the alternative fuel decal fee is owed in January of each year. Their department pro-rates the fee based on when a person receives the decal. This proposal states that the fees will increase 20% a year for five years for most vehicles and 10% for five years for vehicles in excess of 36,000 pounds.

Therefore the fee structure will be:

		New Fee Amounts				
Decal Type	Current Fee	First Year	Second Year	Third Year	Fourth Year	Fifth year
Buses (Local, Comm, Transit) & NonFarm - 18,000 to 36,000	\$150.00	\$180.00	\$210.00	\$240.00	\$270.00	\$300.00
Farm- 18,000 to 36,000	\$100.00	\$120.00	\$140.00	\$160.00	\$180.00	\$200.00

Farm - Greater than 36,000	\$250.00	\$275.00	\$300.00	\$325.00	\$350.00	\$375.00
Greater than 36,000	\$1,000.00	\$1,100.00	\$1,200.00	\$1,300.00	\$1,400.00	\$1,500.00
Passenger, School Bus, 18,000 or less	\$75.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00
Passenger, School Bus, 18,000 or more	\$37.50	\$45.00	\$52.50	\$60.00	\$67.50	\$75.00

Using the 2019 decal numbers issued their department, they are able to estimate the fiscal impact from this provision.

Decal Type	Decals
Buses (Local, Comm, Transit) & NonFarm - 18,0000 to 36,000	133
Farm- 18,000 to 36,000	18
Farm - Greater than 36,000	3
Greater than 36,000	177
Passenger, School Bus, 18,000 or less	3,944
Passenger, School Bus, 18,000 or more	105
Totals	4,380

Decal Type	Decals	Increased Revenue Per Year				
		First Year	Second Year	Third Year	Fourth Year	Fifth year
Buses (Local, Comm, Transit) & NonFarm - 18,0000 to 36,000	133	\$3,990.00	\$7,980.00	\$11,970.00	\$15,960.00	\$19,950.00
Farm- 18,000 to 36,000	18	\$360.00	\$720.00	\$1,080.00	\$1,440.00	\$1,800.00
Farm - Greater than 36,000	3	\$75.00	\$150.00	\$225.00	\$300.00	\$375.00
Greater than 36,000	177	\$17,700.00	\$35,400.00	\$53,100.00	\$70,800.00	\$88,500.00
Passenger, School Bus, 18,000 or less	3,944	\$59,160.00	\$118,320.00	\$177,480.00	\$236,640.00	\$295,800.00
Passenger, School Bus, 18,000 or more	105	\$787.50	\$1,575.00	\$2,362.50	\$3,150.00	\$3,937.50
Totals	4,380	\$82,072.50	\$164,145.00	\$246,217.50	\$328,290.00	\$410,362.50

It should be noted that the alternative fuel decal fee is distributed to the State Road Fund, Cities and Counties just as motor fuel is proportionally distributed.

Fiscal Year	State Road Fund	Cities (15%)	Counties (12%)
2022	\$59,913	\$12,311	\$9,849
2023	\$119,826	\$24,622	\$19,697
2024	\$179,739	\$36,933	\$29,546
2025	\$239,652	\$49,244	\$39,395
2026	\$299,565	\$61,554	\$49,244

Section 142.1000 Electric Vehicle Task Force

This provision creates the Electric Vehicle Task Force to analyze transportation funding and make recommendations on further actions the state can make to fund transportation with the anticipation of more widespread adoption of electric vehicles. The Director of the Department of Revenue or their designee shall serve as chair of the task force. Their department shall also provide research, clerical, technical and any other services the task force needs to accomplish its goals as well as pay expenses of the members of the task force.

Their department is required to submit a report to the General Assembly by December 31, 2022 (FY 2023). Their department assumes an impact of \$10,000 for paying of expenses for this task force. For the simplicity of the fiscal note, they will show the expenses of the task force all in FY 2022.

Sections 301.192, 301.280, 302.755, 407.526, 407.536, 407.556 Motor Vehicles Odometer Language

§301.192- Expands the requirement for a statement certifying the odometer reading of a motor vehicle from less than ten years of age to less than twenty years of age.

§301.280- Outlines an odometer reading is not required when reporting the sale of a motor vehicle of twenty years of age or older.

§407.536- Proposed language allows the acceptance of an electronic signature on the Department's secure power of attorney document.

§407.556- Expands the provisions of sections 407.511 to 407.556 do not apply to any motor vehicle that is twenty years old or older.

MVB - Administrative Impact

To incorporate the necessary changes various department systems and procedures will need modifications to apply the changes.

FY2022 – Motor Vehicle Bureau (MVB)

Associate Research/Data Analyst	62 hrs. @ \$18.50 per hr.	= \$1,147
Research/Data Analyst	16 hrs. @ \$23.09 per hr.	= \$ 369
Administrative Manager	8 hrs. @ \$21.57 per hr.	= \$ 173
Total		\$1,689

FY 2022 – Strategy and Communications Bureau

Research/Data Assistant	4 hrs. @ \$15.49 per hr.	= \$ 62
Associate Research/Data Analyst	13 hrs. @ \$18.50 per hr.	= \$ 241
Total		\$ 303

MVB OA-ITSD Impact

Fiscal Note			ITSD-MV - DOR		
Bill Number			22-R002		
Will a new system be required?			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Indicate fiscal year when fully implemented			FY 2022		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			FY 2022	FY 2023	FY 2024
General Revenue			15,288	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			15,288	-	-
-					
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)			0		
			FY 2022	FY 2023	FY 2024
TRIPS	Rate *1	Hours	\$	\$	\$
IT Consultants	95	18.36	1,744	-	-
Section Total Expenditures:			1,744	-	-
Section Funding:					
General Revenue			1,744	-	-
Federal			-	-	-
Other			-	-	-
Total			1,744	-	-

Bill Section(s)			0		
			FY 2022	FY 2023	FY 2024
DVHF	Rate *1	Hours	\$	\$	\$

IT Consultants	95	71.28	6,772	-	-
Section Total Expenditures:			6,772	-	-
Section Funding:	General Revenue		6,772	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		6,772	-	-

Bill Section(s)			0	-	
				FY 2022	FY 2023
					FY 2024
Title Briefs	Rate *1	Hours	\$	\$	\$
IT Consultants	95	35.64	3,386	-	-
Section Total Expenditures:			3,386	-	-
Section Funding:	General Revenue		3,386	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		3,386	-	-

Bill Section(s)			0	-	
				FY 2022	FY 2023
					FY 2024
Odometer File	Rate *1	Hours	\$	\$	\$
IT Consultants	95	35.64	3,386	-	-
Section Total Expenditures:			3,386	-	-
Section Funding:	General Revenue		3,386	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		3,386	-	-

§302.755.19

States any person is disqualified from driving a commercial motor vehicle for life if convicted of using a commercial motor vehicle in the commission of a felony involving an act or practice of severe forms of trafficking in persons, as defined in 22 U.S.C. Section 7102 (11). A disqualification for life under this subsection shall not be reduced.

DLB - Administrative Impact

This new disqualification is mandated per Federal Motor Carrier Safety Regulation changes defined in 49 CFR §383.51 with a mandatory compliance date of September 23, 2022. Their department has no available data that would help them determine the potential volume of drivers who may be convicted under this new provision, but they assume it will be minimal enough to not require additional FTE. If the increase is more significant than anticipated, additional FTE may be requested through the appropriations process.

To implement the proposed legislation, their department will be required to:

- Complete programming and user acceptance testing of MODL (driver license computer system) to develop a new action type and MODL code for commercial driver's license (cdl) disqualification for trafficking of persons,
- Update driver history and CDL disqualification evaluation routines;
- Test programs for inbound and outbound conviction processing and driver history eligibility evaluations in MODL and MAI (driver history computer system);
- Update interactive applications for automated responses to customers through telephone system (current vendor Genesys) or online chat function (DORA),
- Work with the Office of State Courts Administrator (OSCA) to ensure courts are informed of the new lifetime disqualification;
- Update the Department website,
- Update form 5231 Commercial Operators and the Law Brochure and form 899 Missouri Driver Record Traffic Violation Descriptions and Points Assessed; and
- Update the Missouri Commercial Driver License Manual.

FY 2022 – Driver License Bureau

Research/Data Analyst	160 hrs. @ \$23.82 per hr.	= \$3,811
Research/Data Assistant	160 hrs. @ \$15.98 per hr.	= <u>\$2,557</u>
Total		= \$6,368

FY 2022 – Personnel Services Bureau

Associate Research/Data Analyst	60 hrs. @ \$19.08 per hr.	= \$1,145
Research/Data Assistant	20 hrs. @ \$15.98 per hr.	= <u>\$ 320</u>
Total		= \$1,465
Total Costs		= \$7,833

DLB - OA ITSD Impact

ITSD DL- DOR							
Bill Number	22-R002	FN #	1706S.01I				
Bill Section(s)							
Application Name:	MODL				FY2022	FY2023	FY2024
IT Consultants		On-going Yes/No	Rate	Hours	\$	\$	\$
Requirements Gathering			95	16	1,520	-	-
Analysis			95	16	1,520	-	-
Design			95	16	1,520	-	-
Development			95	160	15,200	-	-
Test			95	48	4,560	-	-
Implementation			95	6	570	-	-
Project Management			95	20.96	1,991	-	-
On-going support			95		-	-	-
Section Total IT Consultants:			95	282.96	26,881	-	-
Other Costs:			Cost Per	Number	\$	\$	\$
			-	-	-	-	-
Section Total Other Costs:					-	-	-
Section Total Expenditures:					26,881	-	-
General Revenue					26,881	-	-
Federal					-	-	-
Other					-	-	-
Section Funding:					26,881	-	-
Should be \$0					-	-	-

2. Does this proposal duplicate any other program?
No
8a. Provide narrative on the IT impact this bill would have (program expansion or modifications, new application, consolidation, etc.)
Program changes, new action type, new code
8b. Explanation of assumptions and methodology used in arriving at the impact; Please reference and/or attach any/all supporting documentation to email.
Per DLB - requires a new action type for cdl disqualification due to human trafficking, a new MODL code, and needs to be added to the disqualification routine

Officials from the **Department of Public Safety - Office of the Director** indicated Referendum petition 22-R002 has the potential to affect the Missouri State Highway Patrol in the Department of Public Safety. It will not impact the Department of Public Safety Directors Office.

The total estimated net effect on all state funds will be (\$38,260) for fiscal year 2022, (\$102,027) for fiscal year 2023, and (\$153,039) for fiscal year 2024.

This proposal would affect all state agencies that purchase road fuel.

This proposal would increase revenue to the Highway Fund from the collection of motor fuel tax. There is the assumption that the Missouri Department of Transportation would be responsible for determining eligibility and obtaining refunds as allowed by section 142.822.

Section 142.803.3

The following increase in fuel costs to the Patrol are based on the Patrol's fiscal year (FY)20 fuel usage of 2,040,517 gallons of fuel.

Year one (9 months only) - (\$0.025 per gallon increase) - \$38,259.69 additional expenditure (80% paid with Highway Funds, 10% each paid with Gaming and General Revenue funds).

Each additional year would add an additional \$51,012.93 to the Patrol's expenditures, culminating in a total of \$242,311.41 after the final year of increases. (80% paid with Highway Funds, 10% each paid with Gaming and General Revenue funds).

Officials from the **Department of Social Services** indicated this will have no fiscal impact for their department.

Officials from the **Governor's Office** indicated this proposal relating to transportation and the fuel tax should not fiscally impact their office

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated they assume this referendum petition would have a negative fiscal impact of less than \$250,000 per year due to the increased cost of motor fuel.

Officials from the **Department of Transportation** indicated their department defers to the Department of Revenue for a fiscal impact on this referendum petition

Officials from the **Office of Administration** indicated this referendum would go to a public vote in November 2022. Budget and Planning (B&P) notes that, if signed by the Governor, SS#2 SCS SB 262 would begin October 1, 2021.

Sections 142.803 and 142.822 – Motor Fuel Tax and Rebate

Section 142.803 would create an additional motor fuel tax by \$0.025 per year starting October 2021, until the additional fuel tax reaches \$0.125. Table 1 shows the additional tax rate by year.

Table 1: Motor Fuel

Date (FY)	Additional Tax	Total Motor Fuel Tax
10/21 - 06/22 (FY22)	\$0.025	\$0.195
07/22 - 06/23 (FY23)	\$0.050	\$0.220
07/23 - 06/24 (FY24)	\$0.075	\$0.245
07/24 - 06/25 (FY25)	\$0.100	\$0.270
07/25 and on (FY26+)	\$0.125	\$0.295

Based on fiscal year (FY)20 motor fuel tax collections of \$698.7M, B&P estimates that 4,110.1M gallons of motor fuel were taxed. B&P notes that it is unknown how much FY20 collections were impacted by COVID-19 and what future permanent changes to fuel consumption will occur as a result of the pandemic. Using this estimate, B&P calculates that each \$0.025 increase in the motor fuel tax will generate \$102.7 million in revenue. Table 2 shows the estimated revenue impact for each fuel type by calendar year.

Table 2: Motor Fuel Tax Increase Revenue by Fiscal Year

Fuel Type	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Gasoline	\$56,218,955	\$149,917,213	\$224,875,820	\$299,834,427	\$374,793,033	\$374,793,033
Diesel	\$20,845,888	\$55,589,035	\$83,383,553	\$111,178,070	\$138,972,588	\$138,972,588
Total	\$77,064,843	\$205,506,248	\$308,259,373	\$411,012,497	\$513,765,621	\$513,765,621

Section 142.822 would allow taxpayers to seek a refund for the additional tax created under Subsection 142.803.3. The refund shall be granted for motor vehicles driving on highways.

B&P notes that per Article IV, Section 30(a) and Section 142.815, RSMo. other types of vehicles that use motor fuel (such as boats) are already exempt from motor fuel taxes. Refund claims may be made electronically and the claims shall not be transferred or assigned. Refund claims must be submitted between July 1st and September 30th of the year following the fiscal year from when the motor fuel was purchased. Subsection 142.822.5 requires the Department of Revenue (DOR) to pay interest on any refunds not made within 45 days. Subsection 142.822.6 states that refund claims can only be made for vehicles up to 26,000 pounds. B&P is unable to determine the number of taxpayers who will apply for the fuel tax refund. B&P notes that while South Carolina has a similar provision, there are limits on the amount of refunds that may be claimed that may be artificially lowering actual refund claims received. B&P notes that no such limits exist in this proposal. Therefore, B&P will reflect the impact from this section as 15% to 100% of qualified motor fuel tax purchase.

B&P estimates that this proposal may increase fuel tax revenues by \$77,064,843 in FY22. B&P notes that fiscal year 2022 refunds would not be issued until FY23. Therefore, B&P estimates that motor fuel tax revenues may increase from \$127,447,522 to \$193,797,440 in FY23, depending on the number of refund claims. Once fully implemented in FY27, this proposal may increase motor fuel tax revenues by \$123,471,990 to \$455,221,577 annually. Table 3 shows the estimated revenue impact for both the additional motor fuel tax and refund claims.

Table 3: Motor Fuel Tax Increase Revenue by Fiscal Year

Fuel Type	FY 2022	FY 2023		FY 2024	
		High Refunds	Low Refunds	High Refunds	Low Refunds
Motor Fuel Tax Revenue	\$77,064,843	\$205,506,248	\$205,506,248	\$308,259,373	\$308,259,373
Tax Exemption Refund	\$0	(\$78,058,726)	(\$11,708,809)	(\$156,117,452)	(\$23,417,618)
Total Revenue	\$77,064,843	\$127,447,522	\$193,797,440	\$152,141,920	\$284,841,755

Table 3: Motor Fuel Tax Increase Revenue by Fiscal Year (cont.)

Fuel Type	FY 2025		FY 2026		FY 2027	
	High Refunds	Low Refunds	High Refunds	Low Refunds	High Refunds	Low Refunds
Motor Fuel Tax Revenue	\$411,012,497	\$411,012,497	\$513,765,621	\$513,765,621	\$513,765,621	\$513,765,621
Tax Exemption Refund	(\$234,176,179)	(\$35,126,427)	(\$312,234,905)	(\$46,835,236)	(\$390,293,631)	(\$58,544,045)
Total Revenue	\$176,836,318	\$375,886,070	\$201,530,716	\$466,930,385	\$123,471,990	\$455,221,577

Based on these calculations, B&P estimates that this proposal will generate \$56,257,336 for the State Road Fund and \$20,807,508 in local fuel funds in FY22. In FY 23, this proposal may generate \$93,036,691 to \$141,472,131 for the State Road Fund and \$34,410,831 to \$52,325,309 in local fuel funds, depending on the number of refund claims received. Once fully implemented in FY27, this proposal may increase the State Road Fund by \$90,134,553 to \$332,311,751 and local fuel funds by \$33,337,437 to \$122,909,826 annually.

Table 4: Total Revenue Generated from Proposed Tax Increases

State Fund	FY 2022	FY 2023		FY 2024	
		Low	High	Low	High
State Road Fund	\$56,257,336	\$93,036,691	\$141,472,131	\$111,063,602	\$207,934,481
Local Funds					
CART	\$9,247,781	\$15,293,703	\$23,255,693	\$18,257,030	\$34,181,011
Other	\$11,559,726	\$19,117,128	\$29,069,616	\$22,821,288	\$42,726,263
Total Local	\$20,807,508	\$34,410,831	\$52,325,309	\$41,078,318	\$76,907,274

Table 4: Total Revenue Generated from Proposed Tax Increases (cont.)

State Fund	FY 2025		FY 2026		FY 2027	
	Low	High	Low	High	Low	High
State Road Fund	\$129,090,512	\$274,396,831	\$147,117,423	\$340,859,181	\$90,134,553	\$332,311,751
Local Funds						
CART	\$21,220,358	\$45,106,328	\$24,183,686	\$56,031,646	\$14,816,639	\$54,626,589
Other	\$26,525,448	\$56,382,911	\$30,229,607	\$70,039,558	\$18,520,799	\$68,283,236
Total Local	\$47,745,806	\$101,489,239	\$54,413,293	\$126,071,204	\$33,337,437	\$122,909,826

Section 142.824 – Non-Road Fuel Tax Refunds

This provision would allow fuel tax refunds, for vehicles that are not driven on the road, to be filed electronically. This provision would also change the number of days from 30 to 45 before interest begins accruing on the fuel tax refund claims. This section will not impact TSR (total state revenue) or the calculation under Article X, Section 18(e) of the Missouri Constitution. B&P defers to DOR for any additional specific impacts from this provision.

Section 142.869 – Alternative Fuel Decal Fees

This provision would increase the alternative fuel decal fees by 20% over the fee in place on 8/28/2021 per year for five years, starting January 1, 2022. B&P notes that alternative fuel decal fees are paid annually in January of each calendar year. Table 5 shows the changes to the decal fees by vehicle type and year.

Table 5: Decal Fees

Decal Type	Current Law	Annual Decal Fee Increase	2022	2023	2024	2025	2026
Buses	\$150.00	\$30.00	\$180.00	\$210.00	\$240.00	\$270.00	\$300.00
Farm- 18,000 to 36,000	\$100.00	\$20.00	\$120.00	\$140.00	\$160.00	\$180.00	\$200.00
Farm - Greater than 36,000	\$250.00	\$25.00	\$275.00	\$300.00	\$325.00	\$350.00	\$375.00
Greater than 36,000	\$1,000.00	\$100.00	\$1,100.00	\$1,200.00	\$1,300.00	\$1,400.00	\$1,500.00
Passenger, School Bus	\$75.00	\$15.00	\$90.00	\$105.00	\$120.00	\$135.00	\$150.00
Passenger, School Bus, Plug-in Hybrid	\$37.50	\$7.50	\$45.00	\$52.50	\$60.00	\$67.50	\$75.00

Based on information provided by DOR, B&P estimates that this provision will increase revenues from alternative fuel decal fees by \$82,073 in FY22. Once fully implemented in FY26, this provision will generate \$328,290 in additional revenue. Table 6 shows the estimated revenue per vehicle and year.

Table 6: Increased Decal Fee Revenue by Year

Decal Type	# Decals	2022 (FY22)	2023 (FY23)	2024 (FY24)	2025 (FY25)	2026 (FY26)
Buses	133	\$3,990	\$7,980	\$11,970	\$15,960	\$19,950
Farm- 18,000 to 36,000	18	\$360	\$720	\$1,080	\$1,440	\$1,800
Farm - Greater than 36,000	3	\$75	\$150	\$225	\$300	\$375
Greater than 36,000	177	\$17,700	\$35,400	\$53,100	\$70,800	\$88,500
Passenger, School Bus	3944	\$59,160	\$118,320	\$177,480	\$236,640	\$295,800
Passenger, School Bus, Plug-in Hybrid	105	\$788	\$1,575	\$2,363	\$3,150	\$3,938
Total		\$82,073	\$164,145	\$246,218	\$328,290	\$410,363

Therefore, B&P estimates that this provision will increase revenues to the State Road Fund by \$59,913 and local revenues by \$22,160 in FY22. Once fully implemented in FY26, this provision will increase revenues to the State Road Fund by \$299,565 and local revenues by \$110,798 annually. Table 7 shows the revenue impacts by fund by year.

Table 7: Revenue by Fund

State Fund	FY22	FY23	FY24	FY25	FY26	FY27
State Road Fund	\$59,913	\$119,826	\$179,739	\$239,652	\$299,565	\$299,565
Local Funds						
CART	\$9,849	\$19,697	\$29,546	\$39,395	\$49,244	\$49,244
Other	\$12,311	\$24,622	\$36,933	\$49,244	\$61,554	\$61,554
Total Local	\$22,160	\$44,319	\$66,479	\$88,638	\$110,798	\$110,798

Section 142.1000 – Electric Vehicle Task Force

Section 142.1000 would create the "Electric Vehicle Task Force". The tax force shall provide a report to the General Assembly and Governor no later than December 31, 2022 with recommendations related to electric vehicle use. The tax force will expire on December 31, 2022. This provision will not impact TSR or the calculation under Article X, Section 18(e) of the Missouri Constitution.

Motor Fuel Tax Summary

B&P estimates that this proposal will increase revenues to the State Road Fund by \$56,317,248 and local revenues by \$20,829,667 in FY22. Once fully implemented in FY27, this proposal will increase revenues to the State Road Fund by \$90,434,117 to \$332,611,316 and local funds by \$33,448,235 to \$123,020,624 annually depending on the number of refund claims. Table 8 shows the impacts by fund and year.

Table 8: Total Revenue Generated from Proposed Tax Increases

State Fund	FY 2022	FY 2023		FY 2024	
		Low	High	Low	High
State Road Fund					
Fuel Tax	\$56,257,336	\$93,036,691	\$141,472,131	\$111,063,602	\$207,934,481
Decal Fee	\$59,913	\$119,826	\$119,826	\$179,739	\$179,739
Total	\$56,317,248	\$93,156,517	\$141,591,957	\$111,243,341	\$208,114,220
Local Funds					
CART					
Fuel Tax	\$9,247,781	\$15,293,703	\$23,255,693	\$18,257,030	\$34,181,011
Decal Fee	\$9,849	\$19,697	\$19,697	\$29,546	\$29,546
Total CART	\$9,257,630	\$15,313,400	\$23,275,390	\$18,286,577	\$34,210,557
Other					
Fuel Tax	\$11,559,726	\$19,117,128	\$29,069,616	\$22,821,288	\$42,726,263
Decal Fee	\$12,311	\$24,622	\$24,622	\$36,933	\$36,933
Total Other	\$11,572,037	\$19,141,750	\$29,094,238	\$22,858,221	\$42,763,196
Total Local	\$20,829,667	\$34,455,150	\$52,369,628	\$41,144,797	\$76,973,753

Table 8: Total Revenue Generated from Proposed Tax Increases

State Fund	FY 2025		FY 2026		FY 2027	
	Low	High	Low	High	Low	High
State Road Fund						
Fuel Tax	\$129,090,512	\$274,396,831	\$147,117,423	\$340,859,181	\$90,134,553	\$332,311,751
Decal Fee	\$239,652	\$239,652	\$299,565	\$299,565	\$299,565	\$299,565
	\$129,330,164	\$274,636,483	\$147,416,988	\$341,158,746	\$90,434,117	\$332,611,316
Local Funds						
CART						
Fuel Tax	\$21,220,358	\$45,106,328	\$24,183,686	\$56,031,646	\$14,816,639	\$54,626,589
Decal Fee	\$39,395	\$39,395	\$49,244	\$49,244	\$49,244	\$49,244
Total CART	\$21,259,753	\$45,145,723	\$24,232,929	\$56,080,890	\$14,865,882	\$54,675,833
Other						
Fuel Tax	\$26,525,448	\$56,382,911	\$30,229,607	\$70,039,558	\$18,520,799	\$68,283,236
Decal Fee	\$49,244	\$49,244	\$61,554	\$61,554	\$61,554	\$61,554
Total Other	\$26,574,691	\$56,432,154	\$30,291,162	\$70,101,112	\$18,582,353	\$68,344,791
Total Local	\$47,834,444	\$101,577,877	\$54,524,091	\$126,182,002	\$33,448,235	\$123,020,624

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate a negative fiscal impact to reimburse 2 Senators for travel to Electric Vehicle Task Force meetings. See details in the analysis below. In summary it will cost approximately \$225 per meeting.

Fiscal Analysis for Fiscal Note

Fiscal Note #: 2022-R001 2022-R002
Bill #: SS2 SCS SB 262

SECTION

142.1000 Creates the Electric Vehicle Task Force
2 Senators, 2 Representatives, 9 lay people

FISCAL IMPACT IS TO THE SENATE CONTINGENT APPROPRIATION

EXPENSE	TOTAL AVERAGE MILES*	RATE PER MILE**	NUMBER OF APPOINTEES	EST TOTAL PER MEETING
Mileage - Senators	261	0.43	2	224.46
FISCAL IMPACT PER MEETING:				224.46

Assumptions: Meetings are held in Jefferson City during the interim

Notes: Draft bill allows for actual and necessary expenses
Draft bill does specify compensation is at the discretion of the Dept of Revenue
Senators will request compensation for travel time and the senate will pay it
Cost analysis for this note is for 2 senators only

* average of the total roundtrip miles for current sitting senators, 34
** current rate as set by the Office of Administration, updated 3/1/2021

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be \$7 million based on the cost of the 2020 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over \$5.8 million was spent to publish the full text of the measures for the August and November elections. Their office estimates \$75,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated Referendum petition 22-R002 would have no effect on their office.

Officials from the **State Treasurer's office** indicated they purchase minimal amounts of fuel each year for their state vehicles. The expected impact of this tax, should it become law, would be less than \$100 annually to their office.

Officials from **Clay County** indicated they conservatively estimate the following savings/increases in revenue:

- ~\$60,000 per 2.5 cent increase in motor vehicle fuel tax or ~\$300,000 after all five increases.
- ~\$1,000 per year for the 20% and 10% fee increases referenced in 142.869.2, total of ~\$5,000 for the five year period.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this referendum petition proposing to amend Senate Substitute No. 2 for Senate Committee Substitute for Senate Bill No. 262. The estimated revenue for counties as a result of the implementation of SB 262 is based on a statewide analysis that is not broken down county-by-county. Therefore, there is no historical data available to make any kind of analysis for any estimated cost or savings.

Officials from the **City of Kansas City** indicated this would result in a positive fiscal impact for Kansas City if approved by the voters.

Officials from **Metropolitan Community College** indicated there will be a fiscal impact to their college, at this time it is unknown what that impact would be. The unknown impact would relate to the 17 cent gas tax. Their college has police cars, facility vehicles, and maintenance equipment that run on gas.

Officials from **University of Missouri** indicated they do not expect this petition to have a significant financial impact on their institution. If a department utilizes the University issued Fleet Card, the gas tax is removed at the time of purchase. In the case of the University owned gas station, there is already a process in place to request the tax refund at the end of each year.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **State Tax Commission** indicated no fiscal impact on their agency.

Officials from the **Missouri Veterans Commission** indicated this initiative petition will have no fiscal impact upon their agency.

Officials from the **Missouri Ethics Commission** indicated they have no fiscal impact in relation to the proposed petition.

Officials from the **St. Louis County Board of Elections** indicated this will have no impact on their Board.

Officials from the **Board of Election Commissioners City of St. Louis** indicated this petition will have no impact on their organization.

Officials from the **Kansas City Board of Election Commissioners** indicated assuming this question will be on the November 2021 ballot. The cost to conduct an election in the Kansas City portion of Jackson County is \$625,000. The costs are divided between all the entities that participate in that election, based on their percentage of voter registration. The State's cost could range from \$300,000 to \$625,000.

Officials from the **Platte County Board of Elections** indicated there would be no fiscal impact on their Board.

Officials from the **Children's Trust Fund** indicated there would be no impact for the Children's Trust Fund on this measure.

Officials from the **State Auditor's office** indicated no fiscal impact on their office.

Officials from the **University of Central Missouri** indicated they have determined no fiscal impact for this petition.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County, the City of Cape Girardeau, the City of Columbia, the City of Jefferson, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Raymore, the City of St. Joseph, the City of St. Louis, the City of Springfield, the City of Union, the City of Wentzville, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, St. Louis Community College, the Missouri Office of Prosecution Services, the Kansas City Board of Police Commissioners, the Metropolitan Police Department - City of St. Louis, the Jackson County Election Board, the Clay County Board of Election Commissioners, the Lieutenant Governor's office, the Missouri Joint Municipal Electric Utility Commission, the Metropolitan Zoological Park and Museum District, the Missouri Municipal League, the Missouri Bar Association, the Missouri Gaming Commission, the Municipal League of Metro St. Louis, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and Truman State University.**

Fiscal Note Summary

State governmental entities estimate initial costs of at least \$500,000, ongoing costs of at least \$500,000 annually, and increased revenues of \$90 million to \$330 million annually by 2027. Local governments are estimated to have unknown costs and increased revenues of \$30 million to \$120 million annually by 2027.